

Fiscal Note

Fiscal Services Division



HF 655 – Local Option Sales Tax (LSB1760HV)
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Fiscal Note Version – New

Description

[House File 655](#) amends the requirements for provisions related to the imposition of a local option sales tax (LOST). The Bill establishes a “qualified county” that has additional methods for imposing a tax. The Bill also establishes conditions under which a proposal must pass and requirements on the use of revenues.

Background

Under current law, all contiguous cities shall be treated as part of one incorporated area, and a LOST is only imposed if a majority of those persons voting in all contiguous cities approve the measure. The Bill proposes that in qualified counties, an individual city or unincorporated area may impose a LOST if a majority of the voters within that jurisdiction voted in favor of the proposal to impose a LOST within that jurisdiction.

Assumptions

- The qualified counties are Polk County, Dallas County, and Johnson County.
- It is unknown which cities may initiate LOST elections and the results of those elections.

Fiscal Impact

There is no fiscal impact to the General Fund.

The Department of Revenue reports that some retailers incorrectly remit LOST collections even if their local jurisdictions do not impose a LOST. Currently, revenue collected is allocated to the participating jurisdiction in the same county. If a jurisdiction from a qualified county imposes a LOST, it is likely that jurisdictions in those counties will experience a drop in LOST revenues.

If a city imposes a new LOST, 50.0% of the revenues are required to be directed toward property tax relief.

Source

Department of Revenue

/s/ Holly M. Lyons

April 18, 2017

The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
